

Message Text

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64

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

COME-00 DOTE-00 EB-07 FMC-01 SAL-01 CG-00 DLOS-06

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R 131810Z AUG 76

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 0839

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EO 11652: N/A

TAGS: EWWT, CI

SUBJ: DISCRIMINATORY SHIPPING DECREE - STATUS REPORT

REF: SANTIAGO 6928

1. BACKGROUND. AS DEPARTMENT MAY BE AWARE, GOC ON JULY 13 PROMULGATED DECREE LAW 1459 WHICH GENERALLY RESTORED CARGO ALLOCATION PRACTICES TO WHERE THEY WERE A YEAR AGO BEFORE DISCRIMINATORY PRACTICES WERE INTRODUCED. FIFTY PERCENT OF EXPORT CARGO, WHETHER US-BOUND OR WAYPORT, WILL BE RESERVED FOR CHILEAN FLAG SHIPPING, FIFTY PERCENT WILL BE SHIPPERS FREE CHOICE. EMBASSY CONTINUES TO BE ASSURED THAT ALLOCATION PROCEDURES WILL BE DESIGNED TO KEEP PAPERWORK TO A MINIMUM AND TO ENSURE THE MOST EFFICIENT USE OF AVAILABLE CARGO SPACE ON A NON-DISCRIMINATORY BASIS. END BACKGROUND.

2. NEW LEGISLATION NOTWITHSTANDING, RIVAL CHILEAN COMPANIES, LED BY CSAV, CONTINUE TO IMPOSE WAIVER PROCEDURES ON PRUDENTIAL AND LYKES WITH RESPECT TO WAYPORT CARGO. SOME VALUABLE CARGO HAS BEEN LOST BY THESE US-FLAG LINES. PRUDENTIAL HAS BEEN CONTEMPLATING ACCEPTING A WAYPORT CONSIGNMENT WITHOUT SEEKING WAIVERS. SHOULD SUCH A CARGO PRESENT ITSELF, THE EMBASSY WOULD

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SUPPORT THIS MOVE, WHICH MIGHT SIMPLY CUT THE GROUND OUT FROM

UNDER THE CHILEAN COMPANIES. AT WORST, WE WOULD SEE A COURT TEST OF NEW LEGISLATION. MIN TRANSPORT (NUNEZ) HAS ASSURED US THAT US-FLAG LINES WOULD BE WITHIN THEIR RIGHTS TO ACCEPT SUCH WAYPORT CARGO WITHOUT HAVING FIRST SOUGHT WAIVERS.

3. DEPARTMENT MAY ALSO RECALL THAT GOC HAS LONG RECOGNIZED NEED FOR REEXAMINING IN DEPTH AND RECONCILING ITS OFTEN CONFLICTING LAWS AFFECTING SHIPPING. OFFICIAL GAZETTE OF AUGUST 9 ANNOUNCED THE FORMATION OF A GOC COMMISSION TO STUDY EXISTING LEGISLATION, AND TO PROPOSE WHAT SHOULD BE A COMPREHENSIVE SHIPPING CODE.

4. CRITERIA AND TIME FRAME FOR THE NEW COMMISSION INCLUDE:

A. THE FREE MARKET ECONOMIC PRINCIPLES FOLLOWED BY THE PRESENT GOVERNMENT, AND INTERNATIONAL PRACTICES AND AGREEMENTS ENTERED INTO BY THE GOC.

B. THE ENCOURAGEMENT OF THE CHILEAN MERCHANT MARINE AS AN INTEGRAL PART OF THE ECONOMIC DEVELOPMENT OF THE COUNTRY.

C. THE REPRESENTATION OF ALL CHILEAN GOVERNMENTAL INTERESTS INVOLVED IN MARITIME ACTIVITY.

D. A REPORT AND RECOMMENDATIONS BY NOVEMBER 8.

5. UNDER THE CHAIRMANSHIP OF THE MINISTER OF TRANSPORT, THE COMMISSION WILL INCLUDE:

A. THE DIRECTORATE OF THE COASTLINE (LITORAL) AND NATIONAL MERCHANT MARINE (FRANCISCO PIZARRO AND JAIME HARRIS).

B. A REPRESENTATIVE OF THE MINISTRY OF FOREIGN RELATIONS (JOSE CATALDO).

C. A REPRESENTATIVE OF THE MINISTRY OF NATIONAL DEFENSE, SUB-SECRETARIAT OF NAVAL AFFAIRS (CAPTAIN EUGENIO BRAVO).

D. A REPRESENTATIVE OF THE MINISTRY OF ECONOMY (NICOLAS IRARRAZAVAL AND HERNAN BUCHY).

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E. A REPRESENTATIVE OF THE MINISTRY OF HACIENDA (TREASURY), ALSO REPRESENTING THE CENTRAL BANK, CUSTOMS, INTERNAL REVENUE, ETC. (TEODORO FUCH).

F. A REPRESENTATIVE OF ODEPLAN, THE PLANNING ORGANIZATION (JOSE RADIC).

G. THE CHIEF OF MARITIME AFFAIRS IN THE MINISTRY OF
TRANSPORT (MANUEL NUNEZ).

H. THE NAVAL REPRESENTATIVE IN THE MINISTRY OF TRANSPORT
(LTCDR JORGE OLIVA).

6. EMBASSY IS UNDER NO, REPEAT NO, ILLUSIONS THAT CHILEAN
SHIPPING INTERESTS, WHICH HAVE NOT ACCEPTED DEFEAT FOR THEIR
INTENTION TO MONOPOLIZE EXPORT TRADE, WILL NOT CONTINUE TO
TRY TO PRESSURE THE COMMISSION TO HAVE REVISIONS MADE IN
THEIR OWN FAVOR. WE THEREFORE INTEND TO KEEP UP THE PRESSURE
THROUGH THOSE MEMBERS OF THE COMMISSION (SO FAR CATALDO,
NUNEZ, HARRIS, IRARRAZAVAL, FUCH AND OLIVA), AND PROCHILE,
THE EXPORTERS ORGANIZATION, WHICH ARE KNOWN TO FAVOR THE
WIDEST POSSIBLE COMPETITION.

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